

APPENDICES COMMUNITY PROFILE

General

The City of Detroit is located in Southeastern Michigan and is the nation's tenth largest city based on the 2000 census. It is the central city of a metropolitan area with a population of 4.6 million. Detroit is the largest city in Michigan and comprises 46% of Wayne County's population. Settled in 1701 and incorporated in 1815, Detroit today encompasses 139.6 square miles.

Like other older, major cities in the Northeast, Detroit has experienced significant population decline and erosion of its economic base since 1950. Since the mid-1970's, the City and private interests have made substantial investments to spur economic diversification and development. The City is a major manufacturing center for the United States, and a regional center of finance, commerce and tourism. The City is located in a regional economy that is highly susceptible to swings in the national economy due to its high concentration of employment in the durable goods industries, particularly the automobile industry.

Economically, Detroit relates primarily to the Tri-County (Wayne, Oakland and Macomb) area. Officially, it is a part of a Primary Metropolitan Statistical Area ("Detroit PMSA") that also includes

Monroe, Livingston, Lapeer and St. Clair counties.

Population

The City's official population count determines its legislative apportionment in Congress and in the State Legislature, and can impact participation in Federal and State programs allocated on a per capita basis. The City's special statutory authority to levy its municipal income tax and the utility users excise tax, among other laws, is now based on its population exceeding 750,000.

Since 1950, the City has experienced major changes in the characteristics of its population, with out-migration resulting in a total population decline of 49%. A substantial share of the City's population relocated to the outer suburban ring. The City's share of total State and metropolitan area population has fallen significantly.

The largest net population losses occurred in the 1970s. By 2000, the City had a smaller proportion of its total population aged 25 to 64 (48.8%) than the nation had (52.2%). The Casey Foundation "City Kids Count" study (1997) reported disparities between Detroit and the 50 largest U.S. cities on virtually all indicators of child well-being.

Population Trends, 1950-2000

Year	<u>City of Detroit</u>		<u>Wayne County</u>		<u>Detroit PMSA</u>		<u>United States</u>
	Population	% Change	Population	% Change	Population	% Change	% Change
1950	1,849,568	--	2,435,235	--	3,169,649	--	--
1960	1,670,144	(9.7%)	2,666,297	9.5%	4,050,840	27.8%	18.5%
1970	1,514,063	(9.3%)	2,666,751	--	4,549,869	12.3%	13.4%
1980	1,203,339	(20.5%)	2,337,891	(12.3%)	4,488,072	(1.4%)	11.4%
1990	1,027,974	(14.6%)	2,111,687	(9.7%)	4,382,299	(2.3%)	10.2%
2000	951,270	(7.5%)	2,061,162	(2.5%)	4,598,502	4.9%	14.1%

Source: U.S. Department of Commerce, Bureau of Census

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Distribution of Population by Age, 1970-2000 (Persons in Thousands)

<u>Age (Years)</u>	<u>1970</u>	<u>% Total</u>	<u>1980</u>	<u>% Total</u>	<u>1990</u>	<u>% Total</u>	<u>2000</u>	<u>% Total</u>
Under 5	133.0	8.8	95.0	7.9	93.1	9.1	76.2	7.6
5 to 14	276.8	18.3	206.9	17.2	N.A.	N.A.	N.A.	N.A.
15 to 17	84.1	5.6	62.8	5.2	N.A.	N.A.	N.A.	N.A.
5 to 17	360.9	23.8	269.7	22.4	209.2	20.4	219.5	23.1
18 to 20	77.0	5.1	62.5	5.2	52.0	5.1	40.0	4.2
21 to 24	99.6	6.5	93.2	7.7	63.6	6.2	52.1	5.5
25 to 34	169.6	11.2	195.9	16.3	N.A.	N.A.	144.3	15.2
35 to 44	154.1	10.2	111.9	9.3	N.A.	N.A.	136.7	14.4
25 to 44	323.7	21.4	307.8	25.6	315.0	30.6	281.0	29.5
45 to 54	187.6	12.4	111.6	9.3	88.9	8.6	116.0	12.2
55 to 64	156.6	10.4	123.1	10.2	81.3	7.9	67.4	7.1
65 to 74	109.7	7.3	84.5	7.0	74.0	7.2	52.9	5.6
75 to 84	52.8	3.5	43.2	3.6	38.4	3.7	35.2	3.7
85 and over	10.7	0.7	12.7	1.1	12.5	1.2	11.0	1.2
TOTAL	1,511.5	100.0%	1,203.3	100%	1,028.0	100%	951.3	100%

Source: U.S. Department of Commerce, Bureau of Census
Data may not add to "Total" due to rounding.

Employment and Economic Base

Detroit's economy is heavily influenced by trends in the domestic automobile industry. Over past decades, all three major automotive companies have periodically experienced financial problems adversely affecting the area economy. General Motors, Daimler-Chrysler and Ford Motor Company represent nearly 5% of the City's Assessed Valuation today. General Motors and Daimler-Chrysler are major employers.

Among the complex factors affecting the automotive industry are: national consumer spending patterns; the value of the U.S. dollar relative to foreign currencies; foreign trade restrictions; federal and state regulatory policies with respect to auto imports, safety, fuel efficiency and pollution

emissions; the availability and price of gasoline; and organizational demand for fleet or specialized vehicles, including the U.S. Department of Defense, which has reduced procurement contracts. Rates of unemployment have declined in Detroit, followed by a recent spike, consistent with regional and national economic trends.

The listing of the largest employers (by number of employees actually or estimated to be employed within Detroit in December 2002), shows governmental and health care sectors continuing to dominate the list, along with automotive manufacturers. Major retailers, such as Kmart, Kroger, Starbucks Coffee, and Walgreen, have returned to the City in recent years.

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**Annual Civilian Unemployment Rates
(Place of Residence)**

	<u>City of Detroit</u>	<u>Detroit PMSA</u>	<u>U.S.</u>
2002	11.5	6.0	5.8
2001	9.2	5.0	4.8
2000	6.3	3.0	4.0
1999	6.9	2.7	4.2
1998	7.0	3.4	4.5
1997	7.9	3.9	4.9
1996	8.7	4.3	5.4
1995	10.1	5.1	5.6
1994	11.1	5.8	6.1
1993	13.6	7.3	6.9
1992	17.0	9.2	7.4
1991	16.9	9.3	6.7
1990	14.3	7.6	5.4

Sources: Michigan Employment Security Commission;
U.S. Department of Labor, Bureau of Labor Statistics (revised rates).

Detroit's 20 Largest Employers, 2002

<u>Company</u>	<u>Employment</u>
1. Detroit Public Schools	20,050
2. City of Detroit	19,000
3. Detroit Medical Center	12,395
4. U.S. Government	11,851
5. Daimler-Chrysler	11,244
6. Henry Ford Health Systems	7,718
7. General Motors Corporation	7,401
8. State of Michigan	6,793
9. U.S. Postal Service	6,392
10. Wayne State University	5,857
11. St. John Health System	5,759
12. American Axle & Manufacturing, Inc	4,740
13. Wayne County Government	4,444
14. DTE Energy Corp.	3,666
15. Motor City Casino	3,016
16. Blue Cross and Blue Shield of Michigan	2,975
17. MGM Grand Casino	2,600
18. SBC Ameritech Michigan	2,500
19. Greektown Casino	2,500
20. Comerica Inc.	2,170

(Figures include the incorporated cities of Hamtramck and Highland Park)

Source: Crain's Detroit Business, December 31, 2002

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Community Information

According to the Metro Christian Council, 700-800 of 3700 churches in the seven-county metropolitan Detroit area today are within Detroit boundaries, including an estimated seventy Christian and Islamic denominations represented in the city.

The Ninth Detroit Neighborhood Handbook, published by Comerica Bank in 1997, lists 146 neighborhood organizations, 34 business associations, and 157 community-based nonprofit resource organizations. In the Detroit City Planning Commission database of block clubs, resident and business organizations, community development organizations, and public service agencies, over 1600 groups have been identified in the city limits.

Significant new development has occurred in the city. In 1999, the Planning and Development Department reported \$12 billion in total new development, \$5 billion completed and \$7 billion underway. Of this, the Federally-designated Empowerment Zone recorded \$5 billion and the State Renaissance Zones recorded \$64 million. By 2001, that total figure hit \$21 billion, \$10.5 billion in the Empowerment Zone.

Value of Completed Development from 1993-2000

<i>Type of Development</i>	<i>\$ Completed</i>
Residential	270 million
Industrial	2.8 billion
Commercial	651 million
Office	346 million
Public & Institutional	835 million
Mixed Use	105 million
<i>TOTAL</i>	<i>\$5 billion</i>

Source: Detroit Planning and Development Department

The Southeastern Michigan Council of Governments (SEMCOG) recognized Detroit as the top community in new non-residential development in 1998, with 7.34 million square feet (twice that of the next community, Auburn Hills, and 1/6 of total regional development). Four of the ten largest developments in the region in 1998 occurred in Detroit. One of these, the Daimler-Chrysler Mack Avenue Plant, received an award from the President's National Council on Sustainable Development. In March 2001, Site Selection Magazine gave Michigan the "Governor's Cup" Award for expansions or new development of corporate properties, recognizing the City of Detroit for the fourth consecutive year as the leading city for such expansion or development.

A Detroit Free Press study (March 1, 1998) documented unprecedented residential property values in the city, with most neighborhoods seeing increases of more than 30% between 1996 and 1998. More than 4100 new and rehabilitated housing units have been completed or are under construction since 1993, and 3000 new units are in the planning stages for the next two years. The 2000 Census found 54.9% of dwellings in Detroit to be owner-occupied, up from 52.9% in 1990.

In the last decade, city service reforms have included: turnaround teams of city employees and quality management methods (1994); Goal-Based Governance and the continuous improvement process (1995); Labor-Management Quality Improvement Teams for several major departments (1997); strategic planning, including agency assessments and core citywide service

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priorities (2000); and CitiTrack performance measurement and tracking (2003).

New public and institutional development can be found in every sector of Detroit: Detroit Public Schools have embarked on a major capital improvement program, including four new elementary schools opened in the 2000-2001 school year. The City has also begun to develop its waterfront with the Riverfront Promenade along the Detroit River, showcased during the Detroit 300 festival in July 2001. The East Riverfront Conservancy was formed in December of 2002 with over \$500 million seed money from the State (\$150 million), the City (\$190 million), General Motors (\$135 million), the Kresge Foundation (\$50 million), and the Federal government (\$9 million).

Several capital investment funds with combined capital resources and commitments of over \$200 million have been established: the target Detroit Fund, the Detroit Renaissance Fund, the Neighborhood Funders Collaborative, and the Detroit Works Partnership. Other initiatives include: Federal Empowerment Zone; Federal American Heritage River designation; Automotive National Heritage

Area designation; State Renaissance Zones; and the Ford Foundation Community Reinvestment Strategy.

One of the initial acts of the Kilpatrick Administration was to appoint a 25-member committee to devise ways to streamline the city's operations. In January 2003, the Committee on Operational and Financial Re-Engineering (comprised of business, education, community, and labor leaders) delivered recommendations on cutting costs and improving city services. This is to be accomplished with the assistance of various sources within the city, in order to eliminate redundancy in city departments while improving their operations.

The Kids, Cops, Clean initiative of the Kilpatrick Administration involves collaborating with residents, businesses, schools and faith based organizations for a Motor City makeover and Mayor's Time for youth. In 2002-03, the police department has been restructured, and city, county, and federal law enforcement began collaborating in Project Safe Neighborhood. Additionally, activation of the Municipal Civil Infractions Bureau is underway for more aggressive enforcement of city ordinances.

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Accrual Basis - A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

Activity - Departmental efforts which contribute to the achievement of a specific set of program objectives; the smallest unit of the program budget.

Ad Valorem Taxes - Commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate.

Allot - To divide an appropriation into amounts which may be encumbered or expended during an allotment period.

Annualize - Taking changes that occurred mid-year and calculating their cost for a full year, for the purpose of preparing an annual budget.

Appropriation - A legal authorization to incur obligations and to make expenditures for specific purposes.

Assessed Valuation - The valuation set upon real estate and certain personal property by the Assessor as a basis for levying property taxes.

Assessment Ratio - The ratio at which the tax rate is applied to the tax base.

Asset - Resources owned or held by a government which have monetary value.

Attrition - A method of achieving a reduction in personnel by not refilling the positions vacated through resignation,

reassignment, transfer, retirement, or means other than layoffs.

Authorized Positions - Employee positions, which are authorized in the adopted budget, to be filled during the year.

Bond - A long-term I.O.U. or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects.

General Obligation (G.O.) Bond - This type of bond is backed by the full faith, credit and taxing power of the government.

Revenue Bond - This type of bond is backed only by the revenues from a specific enterprise or project, such as a hospital or toll road.

Bond Refinancing - The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

Budget - A plan of financial activity for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

Budgetary Basis - This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally take one of three forms: GAAP, cash, or modified accrual.

Budget Calendar - The schedule of key dates which a government follows in the preparation and adoption of the budget.

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Budgetary Control - The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

Capital Assets - Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Capital Budget - The appropriation of bonds or operating revenue for improvements to facilities, and other infrastructure.

Capital Improvements - Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Improvements Program - A plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

Capital Outlay - Fixed assets which have a value of \$250 or more and have a useful economic lifetime of more than one year; or, assets of any value if the nature of the item is such that it must be controlled for custody purposes as a fixed asset.

Capital Project - Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life. Also called capital improvements.

Cash Basis - A basis of accounting in which transactions are recognized only when cash is increased or decreased.

CIP - Continuous Improvement Process. This is a systematic approach to identify and eliminate waste or non-value added activities through continuous improvement in all products and services.

Collective Bargaining Agreement - A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g., hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees).

Constant or Real Dollars - The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past.

Consumer Price Index (CPI) - A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contractual Services - Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.

Debt Service - The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

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Dedicated Tax - A tax levied to support a specific government program or purpose.

Deficit - The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Department - The basic organizational unit of government which is functionally unique in its delivery of services.

Depreciation - Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Disbursement - The expenditure of monies from an account.

Distinguished Budget Presentation Awards Program - A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

DDA - Downtown Development Authority. The DDA was created to promote and develop economic growth in the City's downtown business district. Funding is provided by an ad valorem tax of one mill on real and personal property in the downtown development district, a levy on increased assessed value of a tax increment district and issuance of revenue and tax increment bonds.

DRMS - Detroit Resource Management System. New financial and human resource computer system.

DTC - Detroit Transportation Corporation. The DTC was established in 1985 to oversee construction and operation of the Central Automated Transit System (People Mover) in downtown Detroit.

EDC - Economic Development Corporation. The EDC was established to create and implement project plans for designated project areas with the City, and thus encourage the location and expansion of industrial and commercial enterprises within the City. The EDC is primarily funded by means of grants from the City.

Encumbrance - The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Entitlements - Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually the state or the federal government.

Expenditure - The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.

Expense - Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

FICS - Financial Information and Control System. Computer based accounting and financial control system.

Fiscal Policy - A government's policies with respect to revenues, spending, and debt

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management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year - A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization.

Fixed Assets - Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

Fringe Benefits - Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans.

Full Faith and Credit - A pledge of a government's taxing power to repay debt obligations.

Full-time Equivalent Position (FTE) - A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to .5 of a full-time position.

Function - A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).

Fund - A fiscal entity with revenues and expenses which are segregated for the

purpose of carrying out a specific purpose or activity.

Fund Balance - The excess of the assets of a fund over its liabilities, reserves, and carryover.

GAAP - Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

GBG - Goal Based Governance. A system of evaluating programs.

GDRRA -Greater Detroit Resource Recovery Authority. The GDRRA was established by cities of Detroit and Highland Park for the acquisition, construction and operation of a waste-to-energy facility.

Goal - A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

Grants - A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

Hourly - An employee who fills a temporary or short-term position. Such employees provide contingency staffing for government operations during peak workloads, or to address temporary staffing needs. Hourly employees are paid on a per-hour basis, and receive limited benefits.

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Indirect Cost - A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

Infrastructure - The physical assets of a government (e.g., streets, water, sewer, public buildings and parks).

Interfund Transfers - The movement of monies between funds of the same governmental entity.

Levy - To impose taxes for the support of government activities.

Long-term Debt - Debt with a maturity of more than one year after the date of issuance.

Materials and Supplies - Expendable materials and operating supplies necessary to conduct departmental operations.

Mill - The property tax rate which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property valuation.

Nominal Dollars - The presentation of dollar amounts not adjusted for inflation. Adjusting for inflation would be done to reflect the real purchasing power of money today.

Object of Expenditure - An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, asphalt, and furniture.

Objective - Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

Obligations - Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Revenue - Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Operating Expenses - The cost for personnel, materials and equipment required for a department to function.

Pay-as-you-go Basis - A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

Performance Budget - A budget wherein expenditures are based primarily upon measurable performance of activities and work programs.

Performance Indicators - Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

Performance Measure - Data collected to determine how effective or efficient a program is in achieving its objectives.

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Personal Services - Expenditures for salaries, wages, and fringe benefits of a government's employees.

Prior-Year Encumbrances - Obligations from previous fiscal years in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Program - A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Program Budget - A budget which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments.

Program Performance Budget - A method of budgeting whereby the services provided to the residents are broken down in identifiable service programs or performance units. A unit can be a department, a division, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service. The effectiveness and efficiency of providing the service by the program is measured by performance indicators.

Program Revenue (Income) - Revenues earned by a program, including fees for services, license and permit fees, fines.

Purpose - A broad statement of the goals, in terms of meeting public service needs, that a department is organized to meet.

Reserve - An account used either to set aside budgeted revenues that are not required for expenditures in the current budget year or to earmark revenues for a specific future purpose.

Resolution - A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Resources - Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Revenue - Sources of income financing the operations of government.

Service Lease - A lease under which the lessor maintains and services the asset.

Service Level - Services or products which comprise actual or expected output of a given program. Focus is on results, not measures of workload.

Source of Revenue - Revenues are classified according to their source or point of origin.

Supplemental Appropriation - An additional appropriation made by the governing body after the budget year has started.

Supplemental Requests - Programs and services which departments would like to have added (in priority order) over their

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target budget, or if revenue received is greater than anticipated.

Target Budget - Desirable expenditure levels provided to departments in developing the coming year's recommended budget. Based on the prior year's adopted budget, excluding one-time expenditures, projected revenues, and reserve requirements.

Tax Levy - The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Transfers In/Out - Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

Unencumbered Balance - The amount of an appropriation that is neither expended nor

encumbered. It is essentially the amount of money still available for future purposes.

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Charges - The payment of a fee for direct receipt of a public service by the party who benefits from the service.

Variable Cost - A cost that increases/decreases with increases/decreases in the amount of service provided such as the payment of a salary.

Work Years - The amount of personnel resources required for a program expressed in terms of the "full-time equivalent" number of employees. One "work year" is equal to one full-time, year-round employee. For most categories, this equals 2,080 hours per year (40 hours per week times 52 weeks). The number of hours a part-time employee is budgeted to work during the year is divided by 2,080 to arrive at the equivalent number of "work years" for the position.